

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

Voluntary _ Public

Date: 3/23/2012

GAIN Report Number: PT1202

Portugal

Post: Madrid

Portugal Sugar Standing Report

Report Categories:

Sugar

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Report Highlights:

Portugal imported 463,000 metric tons of raw sugar for processing by its 3 refineries in Porto, Lisbon, and Coruche in 2010/11. Imports of raw sugar have been decreasing over the last two years since reaching a maximum of 523,000 tons in 2008/09 due to difficulties in accessing raw sugar at competitive prices on the world market.

Disclaimer

The following report is a Voluntary GAIN report on the sugar industry and market in Portugal. This report complements the EU-27 Annual Sugar Report. The data below is shared to help characterize the Portuguese industry and market – none of the figures are official USDA data.

Production:

The only region still producing sugarbeet in Portugal is the Azores where 305ha were harvested in 2011 that resulted in the net production of 7,955 tons of sugarbeet. The average polarization was 17.64% and from this sugarbeet 718 metric tons of white sugar was produced. According to regional sources the low levels of rain from May to June resulted in a much lower production than previously anticipated. On the other hand the old age of the processing plant did not allow making the most of the high polarization level which translated into a low production of white sugar in 2010/11. A similar area is being sowed for the 2011/12 season.

Consumption:

Total use is estimated at around 425,000 tons raw value. Total human consumption has been stable over the last years. On a white sugar basis numbers point to a per capita consumption of 36.3 kg of sugar per capita in 2010/11.

Table 1. Portugal Sugar Production, Supply and Demand

Portugal Sugar, Centrifugal (1000MT)			
	2010/2011	2011/2012	2012/2013
Market Year begin	October 2010	October 2011	October 2012
	Post Estimate	Post Estimate	Post Projection
Beginning Stocks	0	0	0
Beet Sugar Production	1	1	1
Cane Sugar Production	0	0	0
Total Sugar Production	1	1	1
Raw Imports	463	465	470
Refined Imp.(Raw Val)	179	187	182
Total Imports	643	652	652
Total Supply	643	653	653
Raw Exports	0	0	0
Refined Exp.(Raw Val)	213	230	230
Total Exports	213	230	230
Human Dom. Consumption (Raw Value)	413	410	410
Other Disappearance	17	13	13
Total Use	430	423	423
Ending Stocks	0	0	0
Total Distribution	643	653	653

Source: FAS-Madrid estimates and GTA

Trade:

Portugal imported 463,000 metric tons of raw sugar for processing by its 3 refineries in Porto, Lisbon, and Coruche in 2010/11. Imports of raw sugar have been decreasing over the last two years since reaching a maximum of 523,000 tons in 2008/09 due to difficulties in accessing raw sugar at competitive prices on the world market. Trade in refined sugar decreased in 2010/11 with imports down 17 percent from the previous year to 179,000 tons raw value and exports down 23 percent to 213,000 tons raw value, causing a squeeze in sugar stocks. If refiners cannot get political support at national and EU level to guarantee access to raw sugar at more competitive prices they may be forced to continue decreasing their refining activity and resorting to using their packaging lines to package imported white sugar. Under this scenario imports of refined sugar may increase in the coming years.

Policy:***Access to raw sugar***

According to media reports, a Portuguese Member of the European Parliament (MEP) recently questioned in writing the EU Farm Commissioner Dacian Cioloș on more effective measures to address the difficulties that sugar refiners have in accessing raw sugar on the world market. The Commissioner answered by noting that in the first quarter of every marketing year the EU issues import certificates to full time refiners only and that this “privilege” is meant to allow refineries access to sufficient quantities of raw sugar for processing. However the Commissioner also aired the possibility of again authorizing the introduction in the EU market of extra-quota sugar and/or allowing supplementary imports with reduced duties as has happened in previous campaigns.

Sugarbeet

According to press from the National Assembly, a group of deputies from the PSD, the most represented party in the National Parliament and one of the members of the coalition in power, recommended that the Government takes “the necessary diligences, in national and communitarian terms, to give the sugar processor in Coruche the necessary means to process sugarbeet, and to keep a mixed system with capacity to simultaneously process sugarbeet and raw sugar”. Portugal decided to relinquish 100 percent of its quota for the processing of sugarbeet in exchange for EU compensation as part of the 2006 sugar market reform.

The Portuguese Association of Sugar Refiners (ARAP) classified this proposed resuming of sugarbeet production in the country as a risky choice. In its view sugarbeet was not profitable when Portugal relinquished its quota rights in 2006 and there is no guarantee that current high prices can be sustained.